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FISCAL IMPACT STATEMENT

LS 6092

BILL NUMBER: HB 1525

NOTE PREPARED: Feb 17, 2005

BILL AMENDED: Feb 14, 2005

SUBJECT: POW/MIA Flag at State Buildings; Property Tax Exemptions.

FIRST AUTHOR: Rep. Alderman

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires the POW/MIA flag to be flown with the flags of the United States and Indiana at all facilities operated by the Department of Administration and at interstate highway rest areas. The bill also provides that the POW/MIA flag may be flown at State Police posts.

Property Tax Exemptions: The bill provides that tangible property of certain veterans organizations is exempt from taxation.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) *POW/MIA Flags:* This bill will require the POW/MIA flag to be flown at properties overseen by the Department of Administration and at interstate highway rest areas when the flags of the United States and state of Indiana are flown. The requirement is estimated to increase state expenditures by about \$8,475 each year.

The bill will impact approximately 349 flag displays at state-operated facilities, including the 38 rest areas on the state's interstate highways. The Department of Veterans' Affairs reports that a 3' X 5' POW/MIA flag costs about \$10. Due to wear and tear, flags that are flown year-round are replaced every four to six months. The cost of flying the POW/MIA flag year-round is estimated to be about \$8,475 each year.

Background Information: The POW/MIA flag is currently flown at the Statehouse and the state's highway rest stops on Memorial Day and, beginning on the third Friday each September, for the number of days equal to the number of Indiana MIAs from the Vietnam War. In 2004, the flag was flown for 59 days.

Explanation of State Revenues: (Revised) *Property Tax Exemptions:* The State levies a small tax rate for state fair and state forestry. Any reduction in the assessed value base will reduce the property tax revenue for these two funds.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Property Tax Exemptions:* Under current law, real and personal property that is owned by the Disabled American Veterans, Veterans of Foreign Wars, American Legion, American War Veterans, and the United States Spanish War Veterans is exempt from property tax if the property is actually occupied by, and used exclusively for the purposes and objectives of, the organization.

This bill would remove the occupation and use requirements for exemption qualification. All property owned by these organizations would be exempt. If the bill results in larger or a greater number of exemptions, then the tax base would be reduced and there would be a shift of the tax burden from these organizations to all other taxpayers.

Total local revenues would remain unchanged, except for cumulative funds where the fund revenue would be reduced by the product of the deduction amount multiplied by the fund's tax rate.

State Agencies Affected: Department of Administration; Department of Transportation; State Police.

Local Agencies Affected: County auditors.

Information Sources: Chuck Coffey, 317-232-0215; Bea Tate 317-232-3279; Dept. of Administration.

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